

CITY OF NEWPORT  
MINOR AMENDMENT NINE TO THE SOUTH BEACH URBAN  
RENEWAL PLAN AND REPORT

Exhibit A, City of Newport Resolution No. 2012-7

September, 2012

An Update of the Sixth Amendment  
Prepared by Consultants:

The Benkendorf Associates Corp.  
909 SW St. Clair, Suite 9  
Portland, Oregon 97205

Johnson Reid, LLC  
319 SW Washington, Suite 1020  
Portland, Oregon 97204

TABLE OF CONTENTS

I.	URBAN RENEWAL PLAN AMENDMENTS.	2
II.	URBAN RENEWAL REPORT MINOR AMENDMENT IX	4
III.	RELATIONSHIP BETWEEN THE PROJECTS TO BE UNDERTAKEN WITH THE AMENDMENT AND THE EXISTING CONDITIONS IN THE AREA	6
IV.	PROJECT COSTS AND TIMING	7
	A. PROJECTS PHASES	7
	B. PROJECTS AND COST ESTIMATES	9
	C. ESTIMATED COMPLETION DATE	12
V.	FINANCIAL ANALYSIS OF THE AMENDMENT	13
	A. ANTICIPATED TAX INCREMENT FUNDS	13
	B. ESTIMATED AMOUNT OF MONEY REQUIRED UNDER ORS 457	14
	C. ANTICIPATED YEAR IN WHICH INDEPTEDNESS WILL BE RETIRED	16
	D. PROJECT REVENUES AND EXPENDITURES	16
	E. STATEMENT OF FISCAL IMPACT ON OTHER JURISDICTIONS UNDER ORS 457.420-457.440	16
	F. IMPACTS ON TAXPAYERS	19
	APPENDIX	20
	NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPORTS	21

## I. URBAN RENEWAL PLAN AMENDMENTS

The South Beach Urban Renewal Plan was adopted in 1983. Since its adoption, the Urban Renewal Agency has executed four minor (Amendments 3, 6, 7, and 8) and four substantial amendments (1, 2, 4 and 5). The purpose and date of adoption for each amendment is noted below.

<b>Amendment I</b>	Newport Urban Renewal Agency Lincoln County Commission	April 8, 1987 Feb 25, 1987
--------------------	---	-------------------------------

Provides a project outline for:

- Site acquisition of the public viewing aquarium,
- Land acquisition for Highway 101 access roads.
- Site acquisition and construction of the Wastewater Treatment Plant
- Airport frontage road improvements, and
- Site acquisition and construction of an Exhibition Building.

<b>Amendment II</b>	Newport Urban Renewal Agency Lincoln County Commission	October 14, 1987 September 16, 1987
---------------------	---	--

Deletes two land areas from the District:

- South Beach State Park/South Jetty area (411.16 acres)
- Newport Airport and a portion of forested land north of the airport. (565.14 acres)
- Total area removed from the Urban Renewal District: 976.30 acres

<b>Amendment III</b>	(Minor) Newport Urban Renewal Agency September 11, 1991
----------------------	--

Proposes to finance the Plan through tax increment financing and that no bonded indebtedness shall be issued after December 31 2010. Defines Substantial Amendment as equivalent to a Major Amendment and defines Minor Amendments.

<b>Amendment IV</b>	Newport Urban Renewal Agency Lincoln County Commission	May 13, 1998 April 29, 1998
---------------------	---	--------------------------------

Established a maximum level of indebtedness in the amount of \$38,750,000 and selected Option "One" for the method to collect ad valorem property taxes

**Amendment V**

Newport Urban Renewal Agency  
Lincoln County Commission

February 2, 2009  
January 14, 2009

The purpose of Substantial Amendment V was to reduce or eliminate the blighted conditions in the district and extend the effective period of the plan from 2010 to 2020. The blighted conditions in the district include:

- Sub-Standard street improvements, rights of way and traffic signalization and management.
- Incomplete pedestrian/bicycle circulation systems and Tsunami evacuation routes.
- Inadequate water storage capacity and distribution lines.
- Under sized or absent sanitary sewer collection service lines.
- Incomplete winter storm water management systems
- Inadequate neighborhood recreation facilities and open space.

New projects were identified based on more recent planning and engineering plans. A new revenue forecast, revenue bond strategy and phased implementation program was prepared.

**Amendment VI**

(Minor) Newport Urban Renewal Agency May 3, 2010

Revised the phasing and financing of the projects in Substantial Amendment 5 to improve ingress and egress to the new NOAA Pacific Marine Operations Center and adjacent existing attractions. The amendment also included revisions to the tax increment revenue forecast, as well as a new schedule of existing debt service obligation resulting from refinancing said debt.

**Amendment VII**

(Minor) Newport Urban Renewal Agency Nov. 1, 2010

Amendment VII identified the acquisition of a natural coastal gully and foredune area adjacent to South Beach State Park as a specific Neighborhood Park/Open Space Site acquisition project. The property is roughly 2.5 acre in size and includes portions of Blocks 7, 8, 10, 11 and 15 of the Waggoner's Addition to South Beach subdivision.

**Amendment VIII**

(Minor) Newport Urban Renewal Agency Oct. 17, 2011

Shifted \$200,000 in funding for tsunami evacuation route improvements from Phase 2 to Phase 1 and identifies Safe Haven Hill as a specific project. To avoid impacting revenue estimates for each Phase, \$200,000 of funds programmed for right-of-way acquisition was shifted from Phase 1 to Phase 2.

## II. URBAN RENEWAL REPORT MINOR AMENDMENT IX

Phase 1 of the South Beach Urban Renewal Plan called for the preparation of a plan to identify needed infrastructure improvements in the Coho/Brant neighborhood. The plan was completed in August of 2012. Concurrent with the development of this plan, titled the “Coho/Brant Infrastructure Refinement Plan,” the City is wrapping up a coordinated effort with the Oregon Department of Transportation to establish an alternative mobility standard for US 101 in South Beach. The new mobility standard eases the highway’s regulatory congestion thresholds, allowing for more robust development. It also, relies upon a series of improvements being made to the areas transportation facilities which are reasonably likely to occur over the next 20 years. Some of the improvements are identified as projects to be funded in Phases 2 and 3 of the South Beach Urban Renewal Plan. The scope of those projects has been refined and cost estimates updated. Property owners within the Urban Renewal Plan Area received notice, and were actively engaged by the City of Newport to assist in these planning efforts.

Minor Amendment 9 incorporates Tier 1 and Tier 2 priority projects listed in the Coho/Brant Infrastructure Refinement Plan into Phases 2 and 3 of the Urban Renewal Plan. The Urban Renewal Plan had programmed lump sum amounts of future urban renewal funding for unspecified improvements to existing street rights-of-way. Most of the Coho/Brant projects have been included as refinements to these categories. Sidewalk work along SW Abalone had been envisioned for Urban Renewal Phase 3. The Coho/Brant plan broke that work down into distinct segments, which have been split between Phases 2 and 3 of the Urban Renewal Plan to align with complimentary projects in each phase. Descriptions and cost estimates for intersection improvements at US 101 and 32<sup>nd</sup> Street, US 101 and 35<sup>th</sup> Street, US 101 and 40<sup>th</sup> Street, and US 101 and 50<sup>th</sup> Street, along with shared use path/sidewalk improvements to Ferry Slip Road have been updated to align with planning work that has been completed on the alternate mobility standard. The Coho/Brant Infrastructure Refinement Plan recommends that some urban renewal funds be reserved as a potential match for lower priority projects. This has been done for Phase 2 and 3 of the Urban Renewal Plan. The Coho/Brant Plan identifies improvements to water, fire, and stormwater facilities in the vicinity of SW Dungeness Street as a Tier 1 project. Funding for this project has not been included in the Urban Renewal Plan given the small number of properties that these improvements would benefit.

Incorporating the Coho/Brant projects into Urban Renewal Phases 2 and 3 and updating other planned projects to account for changes in scope and costs, required that funding reductions be made to ensure that total expenditures will not exceed projected revenue. For Phase 2, funding has been eliminated for improvements to Anchor Way between 35<sup>th</sup> and 40<sup>th</sup> because planning work on the alternate mobility standard demonstrated that the project is not viable. Funds for future right-of-way acquisitions have been reduced as were those for neighborhood park development. This aligns with recommendations in the Coho/Brant Plan, which provide for narrower streets (reducing the need for additional right-of-way). Development of active park amenities is a low priority recommendation in the plan. Funds for strategic site acquisition and development have also been reduced. For Urban Renewal Phase 3, funding for

unspecified general acquisition and development has been eliminated. Funding for improvements to US 101 and 50<sup>th</sup> Street has been reduced in favor of contributions being made at US 101 and 40<sup>th</sup> (a project that was shifted from plan Phase 2 to 3). This acknowledges that development is moving south through the district incrementally, with substantial private investment being more likely to occur within the vicinity of the SE 40<sup>th</sup> and US 101 intersection during the life of the Urban Renewal Plan. Overall funding commitments to these projects were reduced slightly. Partial funding of the King Ridge Reservoir project has been eliminated because it is now unlikely that the project will be implemented within the period of time that the South Beach Urban Renewal District can fund development.

Phase 1 of the South Beach Urban Renewal Plan covers plan years 2009 to 2012. It is substantially complete, and it is unlikely that listed projects for which funds have not been budgeted will be completed. The project list has been updated to reflect additional funding for the US 101 - 40<sup>th</sup> to 50<sup>th</sup> Street sewer line project which has been budgeted for expenditure this fiscal year. A corresponding reduction was made to an unfunded line item for improvements in the Coho/Brant area. The Phase 1 project list has also been amended to identify completed projects or projects that have been funded for construction.

Because the proposed changes are necessary to facilitate the construction of budgeted projects and planning for future projects, including efforts to secure grant funds, the Newport Urban Renewal Agency finds it necessary to undertake this minor amendment at this time.

### III. RELATIONSHIP BETWEEN THE PROJECTS TO BE UNDERTAKEN WITH THE AMENDMENT AND THE EXISTING CONDITIONS IN THE AREA

The physical and economic conditions described in the original Environmental Assessment and the Supplemental Report have improved within the past twenty-five (25) years. However, many areas remain deficient relative to vehicular and pedestrian circulation, utility services, storm water management, and public recreation and open space.

As outlined in Section II of this plan amendment, the Urban Renewal Plan envisioned that a planning process would be undertaken to further refine the scope and extent of needed projects within the Coho/Brant neighborhood. It also included placeholders for “unspecified improvements to existing street rights-of-way” for project Phase 2 and Phase 3. This was done in recognition that additional planning work would be undertaken to identify the specific nature of the needed improvements given that those phases were several years down the road at the time the project phasing plan was prepared. The Coho/Brant Infrastructure Refinement Plan and the effort to establish an alternative mobility standard for US 101 in South Beach provide the envisioned refinements in a format suitable for inclusion into the Urban Renewal Plan with this amendment.

**A. PROJECT PHASES**

The projects proposed to implement the South Beach Urban Renewal Plan are organized into three phases consistent with Substantial Amendment 5. Minor Amendments 6, 7 and 8 refined the listed projects and made adjustments to the timing of the work. Minor Amendment 9 makes further refinements and adjustments, as follows:

**1. Phase 1 – 2009/12**

The urban renewal districts portion of the funding package for construction of a sanitary sewer line along US 101 from SE 40<sup>th</sup> to 50<sup>th</sup> has been increased by \$300,000. This change is needed to cover additional costs associated with the project that came to light during design. The additional \$300,000 has been budgeted for expenditure by the City during fiscal year 2012/13. A line item for Coho/Brant area construction was reduced by \$300,000. The Coho/Brant project is not funded, and it is unlikely that the remaining unfunded Phase 1 projects will be constructed due to funding limitations and the fact that this project phase is close to being completed. Projects for the Coho/Brant area have been shifted to Phases 2 and 3.

**2. Phase 2 – 2013/16**

Funding for construction of 35<sup>th</sup> Street and US 101 intersection improvements and the relocation of the 32<sup>nd</sup> St signal to 35<sup>th</sup> Street is increased to \$1,000,000. The 40<sup>th</sup> Street and US 101 intersection project, which was unfunded, has been moved to Phase 3. \$750,000 in funding for improvements to Anchor Way between 35<sup>th</sup> Street and 40<sup>th</sup> Street has been eliminated. Funding for sidewalk/shared use path construction along Ferry Slip Road, between Marine Science Drive and SE 29<sup>th</sup> Street has been increased to \$104,000. Sidewalk/shared use path improvements to SW Abalone Street has been split between Phases 2 and 3 (it had been programmed for Phase 3). The segment for Phase 2 extends between Marine Science Drive and the planned extension of Abalone. It is funded for \$325,000. Improvements to existing rights-of-way in the Coho/Brant area included in Phase 2 are SW 27<sup>th</sup> between SW Brant and SW Abalone (\$145,000), SW 30<sup>th</sup> between SW Brant and SW Abalone (\$150,000), and SW Brant between SW 27<sup>th</sup> and SW 30<sup>th</sup> (\$707,000). Match funds for lower priority Coho/Brant projects are programmed at \$150,000. Stormwater improvements are listed for SW Abalone at SW 35<sup>th</sup> Street (\$42,000) and SW 26<sup>th</sup> and SW Brant Street (\$84,000). Improvements to SE Ferry Slip Road between SE 32<sup>nd</sup> Street and Ash Street are programmed for \$144,000 and a sanitary sewer lift station upgrade project at SW 26<sup>th</sup> Street has been added at \$110,000. Funding for neighborhood park development and open space acquisition has been reduced from \$550,000 to \$200,000. Strategic site acquisition and development funds have been reduced from \$850,000 to \$500,000.



### **3. Phase 3 – 2017/20**

Funding for intersection improvements at 40<sup>th</sup> Street and US 101 has been programmed at \$1,000,000. Urban renewal contributions toward improvements at 50<sup>th</sup> Street and US 101 have been reduced to \$400,000. Sidewalk/shared use path improvements along SW Abalone Street, between the planned extension of the street and US 101 is anticipated to be \$165,000. Costs for sidewalk construction along SE 35<sup>th</sup> Street between Ferry Slip Road and the estuary turn have been escalated to \$400,000. Improvements to existing rights-of-way in the Coho/Brant area for Phase 3 include SW Abalone Street between SW 29<sup>th</sup> and Anchor Way (\$850,000) along with match funds for lower priority projects in the amount of \$200,000. Construction of trail improvements at the coastal gully open space area are programmed at \$200,000 and the extension of a trail from SW Coho and 29<sup>th</sup> to Jetty Way is listed at \$100,000. Funds for trail development overall have been increased by \$100,000 for this phase. A line item for unspecified acquisition and development was eliminated. This amounted to \$250,000. Urban renewal contributions towards construction of the King Ridge reservoir were also eliminated, totaling \$196,200.

## B. PROJECTS AND COST ESTIMATES

### 1. Phase 1 – 2009/12

PUBLIC RIGHTS OF WAY	Cost Estimate	URA Portion
Streets		
<del>Ash St. Design &amp; Construct</del>	<del>425,000*</del>	<del>425,000*</del>
<del>Coho/Brant Area – Plan and Design</del>	<del>70,000*</del>	<del>70,000*</del>
Coho/Brant Area – Construct	850,000	<b>550,000</b>
SE 35 <sup>th</sup> & Ferry Slip Road	464,000	390,000
<del>Marine Science Drive</del>	<del>2,304,000</del>	<del>1,138,000</del>
Realign Rogue and 25 <sup>th</sup>	448,000	448,000
Pacific Way Improvements	251,000	251,000
Sidewalks		
<del>OSU Dr. to Marine Sc. Dr.</del>	<del>70,000</del>	<del>0</del>
OSU Dr. (Abalone to Ferry Slip)	67,500	67,500
Acquisition		
<i>TSP Projects - right of way</i>	300,000	150,000
UTILITIES		
Water		
<i>Hwy 101 – 40<sup>th</sup> to 50<sup>th</sup></i>	<i>320,000*</i>	<i>320,000*</i>
<i>Sanitary Sewer line-same ROW</i>	<b>600,000</b>	<b>600,000</b>
PUBLIC AMENITIES		
Neighborhood Park/Open Space Site	275,000	125,000
Acquisition (OPRD Grant \$150,000)		
<del>Purchase of 2.5 acre coastal gully</del>	<del>225,000</del>	<del>225,000</del>
<del>&amp; foredune site adjacent to South</del>		
<del>Beach State Park</del>		
ACQUISITION/DEVELOPMENT	0	0
COMMUNITY IMPROVEMENT PROGRAMS	0	0
SPECIAL PROJECT IDEAS		
Wetland Planning/Mitigation Bank	200,000	200,000
Trails – easement acquisitions	100,000	100,000
<del>South Jetty Trail</del>	<del>317,000</del>	<del>317,000</del>
<i>Tsunami Evacuation Route</i>	<b>557,000</b>	200,000
<i>Improvements for Safe Haven Hill</i>		
Total:	<b>\$7,028,500</b>	<b>\$4,761,500</b>
Revenue Estimate (7.1% growth)		\$4,774,000

\* These projects were budgeted at the time of Substantial Amendment No. 5 and have never been included in the revenue estimates.

Note: Figures in **bold** are revisions proposed with this amendment. Projects shown in ~~strikeout~~ have been completed. Urban renewal funds for projects depicted in *italics* have been budgeted for expenditure. It is unlikely that any other listed Phase 1 projects will be funded.

## 2. Phase 2 – 2013/16

PUBLIC RIGHTS OF WAY	Cost Estimate	UR Portion
Streets		
35 <sup>th</sup> St. – 101 to Ferry Slip Road	\$2,167,000	\$1,000,000
Commercial Street Prototype and relocate 32 <sup>nd</sup> Street Signal (Coho/Brant Projects #9 and #10)		
Anchor Way 35 <sup>th</sup> to 40 <sup>th</sup>	0	0
Sidewalks		
Ferry Slip Rd - 29 <sup>th</sup> to Marine Science Dr. (Shared use path and Sidewalk, SB Peninsula Refinement Plan)	104,000	104,000
SW Abalone – Marine Science Dr. to Abalone extension (Coho/Brant Project #12A)	325,000	325,000
Acquisition/Development		
TSP Projects - right of way	450,000	250,000
Existing Street/ROW improvements including: paving, storm water, pedestrian/bicycle paths and landscaping:		
SW 27 <sup>th</sup> – SW Brant to SW Abalone (Coho/Brant Project #2A)	145,000	145,000
SW 30 <sup>th</sup> – SW Brant to SW Abalone (Coho/Brant Project #5)	311,000	150,000
SW Brant – SW 27 <sup>th</sup> to SW 30 <sup>th</sup> (Coho Brant Project #7)	707,000	707,000
SE Ferry Slip Rd – 32 <sup>nd</sup> to Ash	144,000	144,000
Match for LIDs formed to implement Tier 2 and Tier 3 Coho/Brant improvements	150,000	150,000
SW Abalone & SW 35 <sup>th</sup> St. Stormwater Improvements (Coho/Brant Project #17)	84,000	42,000
SW 26th St. and SW Brant St. Stormwater Improvements (Coho/Brant Project #16)	84,000	84,000
UTILITIES		
Sewer		
101 Gravity line south to Airport	1,000,000	1,000,000
SW 26 <sup>th</sup> Street Sanitary Lift Station Upgrade (Coho/Brant Project #15)	110,000	110,000
Utility Lines		
Bury existing/new lines underground	300,000	300,000
PUBLIC AMENITIES		
Neighborhood Park Development	350,000	0
Neighborhood Park/Open Space/Trail Acquisition or Development	200,000	200,000
ACQUISITION/DEVELOPMENT		
Strategic Site Acquisition for Re-Use	250,000	100,000
Site Prep for Re-Use	100,000	100,000
Strategic Site Acquisition for Economic Development, Community Facilities and Affordable Housing	500,000	300,000
SPECIAL PROJECT IDEAS		
Wetland Mitigation Bank	100,000	100,000
Total:	\$7,581,000	\$5,311,000
Revenue Estimate (7.1% growth)		\$5,370,000

### 3. Phase 3 – 2017/20

PUBLIC RIGHTS OF WAY	Cost Estimate	UR Portion
Streets		
<b>40<sup>th</sup> and 101 Signal and Intersection Improvements (Moved from Phase II)</b>	<b>\$2,624,000</b>	<b>\$1,000,000</b>
50 <sup>th</sup> and 101 Intersection Improvements	<b>1,970,000</b>	<b>400,000</b>
Sidewalks		
Abalone St. – <b>Abalone extension to US 101 (Coho/Brant Project #12B)</b>	<b>165,000</b>	<b>165,000</b>
35 <sup>th</sup> St. – Ferry Slip to estuary turn)	<b>400,000</b>	<b>400,000</b>
Acquisition/Development	250,000	<b>0</b>
Existing Street/ROW improvements including: paving, storm water, pedestrian/bicycle paths and landscaping		
<b>SW Abalone St – SW 29<sup>th</sup> to Anchor Way (Coho/Brant Project #8)</b>	<b>1,773,000</b>	<b>850,000</b>
<b>Match for LIDs formed to implement Tier 2 and Tier 3 Coho/Brant improvements</b>	<b>200,000</b>	<b>200,000</b>
UTILITIES		
Water		
12" Bay Under-crossing Pipeline	995,000	795,000
King Ridge Reservoir (15% of Cost)	196,200	<b>0</b>
Sewer		
Henderson Creek Piping	280,000	280,000
Henderson Creek Lift Station	323,000	323,200
Storm		
Project 5a – Redirect Drainage	1,480,000	1,480,000
Utility Lines		
Bury existing/new lines underground	200,000	200,000
PUBLIC AMENITIES		
Street Tree and Open Space Planting	100,000	100,000
Street Furniture	50,000	50,000
Gateway to South Beach	700,000	100,000
Neighborhood Park/Open Space	200,000	200,000
Acquisition		
COMMUNITY IMPROVEMENT PROGRAMS		
Fund Storefront Facade Loan/Grant Program	100,000	100,000
SPECIAL PROJECT IDEAS		
Trails – Acquire and Develop	<b>100,000</b>	<b>100,000</b>
<b>Coastal Gully Open Space Improvements (Coho/Brant Project #18)</b>	<b>200,000</b>	<b>200,000</b>
<b>SW Coho St, SW 29<sup>th</sup> St to Jetty Way (Coho/Brant Project #11)</b>	<b>100,000</b>	<b>100,000</b>
Tsunami Evacuation Route Improvements	200,000	200,000
Wetland Mitigation Bank	100,000	100,000
Total:	\$12,706,200	\$7,343,200
Revenue Estimate (7.1% growth)		\$7,360,000
Grand Total for Phases 1 through 3 Projects		\$17,415,700

### **C. ESTIMATED COMPLETION DATE**

The projects planned to be accomplished within the next ten years are expected to be awarded no later than December 31, 2020 and completed in a timely manner. The projects are divided into three phases. The agency may adjust the design and construction of specific projects depending on the needs of the community and the urban renewal district as a whole.

- Phase 1 2009-2012
- Phase 2 2013-2016
- Phase 3 2017-2020

The three phases will enable the agency to plan and implement the financial plan in Section V.

### A. ANTICIPATED TAX INCREMENT FUNDS

As stated in Oregon Revised Statutes Chapter 457 (ORS 457), tax increment funds are anticipated from growth in assessed value within the Area over the course of the Plan. Growth in assessed value is projected to occur through appreciation in property values (“appreciation percentage”), limited to no more than three percent annually, and through changes in property that add value that are “excepted” from the three percent limit. Such “exception value” results from factors such as subdivision or rezoning of land and from construction of improvements.

Table V-1 shows the projections of growth in tax increment funds. The table shows total expected tax increment revenue. The projections are based on reasonable expectations of near-term future development and have been prepared utilizing conservative assumptions about residential and commercial development that are likely to occur in the South Beach Urban Renewal District. The projections assume average annual growth of 7.1%, the average growth rate in the South Beach Urban Renewal District (SB-URD) from 2009 to 2027. The growth rate assumes a temporary 75% reduction due to the current residential development slowdown. The projections also assume a tax collection rate of 94.2%.

**Table V-1:  
Urban Renewal Area Tax Increment Revenue Estimates**

Year	SB-URD Annual Revenue	SB-URD Cumulative Revenue
2009-10	\$1,759,905	\$1,759,905
2010-11	\$1,968,155	\$3,728,060
2011-12	\$2,119,834	\$5,847,894
2012-13	\$2,113,542	\$7,961,436
2013-14	\$2,274,723	\$10,236,159
2014-15	\$2,447,350	\$12,683,509
2015-16	\$2,621,111	\$15,304,620
2016-17	\$2,807,210	\$18,111,830
2017-18	\$3,006,522	\$21,118,353
2018-19	\$3,219,985	\$24,338,338
2019-20	\$3,255,682	\$27,594,020
2020-21	\$3,486,836	\$31,080,856
2021-22	\$3,734,401	\$34,815,257
2022-23	\$3,999,544	\$38,814,800
2023-24	\$4,283,511	\$43,098,311
2024-25	\$4,587,640	\$47,685,952
2025-26	\$4,913,363	\$52,599,315
2026-27	\$5,262,212	\$57,861,526

SOURCE: Lincoln County Assessor's Office and Johnson Reid, LLC

Unlike many urban renewal districts in Oregon, the SB-URD geographically spans six distinct property tax codes rather than one. For instance, the vast majority of assessed value in the District is within City of Newport jurisdiction (85%), but that portion only represents two of the six tax codes and combinations of local public service providers. Therefore, there are six different Measure 50 SB-URD tax code rates and six different projected assessed values. The tax increment projections are based on the combined value of the property tax codes and applicable tax rates for each affected taxing jurisdiction.

#### **B. ESTIMATED AMOUNT OF MONEY REQUIRED UNDER ORS 457**

The total expected tax increment revenue that is not committed to previous incurred debt, through 2027, is \$43,970,572. This revenue will be used to repay indebtedness incurred to finance the projects in this Plan Amendment. Table V-2 below shows the expected increment revenue and debt service schedule for the Plan Amendment. Fiscal year 2020-21, when the District is scheduled to cease incurring debt for new projects, is highlighted.

**Table V-2:**  
**Projected Revenues, Debt Service and Other Expenditures**

Year	(A) URD Incremental Revenue	(B) Total Existing Debt Service	(C) Remaining Uncommitted Revenue	(D) Phase I Debt Service	(E) Remaining Uncommitted Revenue	(F) Phase II Debt Service	(G) Remaining Uncommitted Revenue	(H) Phase III Debt Service	(I) Remaining Uncommitted Revenue
2010-11	\$1,968,200	\$1,189,903	\$778,297	\$648,581	\$0		\$0		\$0
2011-12	\$2,119,800	\$1,182,531	\$937,269	\$648,581	\$158,972		\$158,972		\$158,972
2012-13	\$2,113,500	\$1,178,534	\$1,098,707	\$648,581	\$320,410		\$320,410		\$320,410
2013-14	\$2,274,700	\$1,186,660	\$1,418,062	\$648,581	\$639,765		\$639,765		\$639,765
2014-15	\$2,447,300	\$1,181,819	\$1,924,439	\$648,581	\$1,146,142	\$729,700	\$270,502		\$270,502
2015-16	\$2,621,100	\$1,173,666	\$1,726,052	\$648,581	\$947,755	\$729,700	\$72,115		\$72,115
2016-17	\$2,807,200	\$1,176,828	\$1,704,650	\$648,581	\$926,353	\$729,700	\$50,713		\$50,713
2017-18	\$3,006,500	\$1,176,347	\$1,882,387	\$648,581	\$1,104,090	\$729,700	\$228,450		\$228,450
2018-19	\$3,220,000	\$745,199	\$2,710,105	\$648,581	\$1,931,808	\$729,700	\$1,056,168		\$1,056,168
2019-20	\$3,255,700	\$317,940	\$4,025,613	\$648,581	\$3,247,316	\$729,700	\$2,371,676	\$1,000,000	\$1,371,676
<b>2020-21</b>	<b>\$3,486,800</b>	<b>\$317,410</b>	<b>\$4,582,216</b>		<b>\$4,582,216</b>	<b>\$729,700</b>	<b>\$3,706,576</b>	<b>\$1,000,000</b>	<b>\$2,506,576</b>
2021-22	\$3,734,400	\$311,282	\$6,004,891		\$6,004,891	\$729,700	\$5,129,251	\$1,000,000	\$3,929,251
2022-23	\$3,999,500	\$147,799	\$7,898,830		\$7,898,830	\$729,700	\$7,023,190	\$1,000,000	\$5,823,190
2023-24	\$4,283,500	\$0	\$10,281,386		\$10,281,386	\$729,700	\$9,405,746	\$1,000,000	\$8,205,746
2024-25	\$4,587,600	\$0	\$13,039,518		\$13,039,518		\$13,039,518	\$1,000,000	\$11,839,518
2025-26	\$4,913,400	\$0	\$17,108,104		\$17,108,104		\$17,108,104	\$1,000,000	\$15,908,104
2026-27	\$5,262,200	\$0	\$21,647,547		\$21,647,547		\$21,647,547	\$1,000,000	\$20,447,547
Term of Loan (Years)				10		10		10	
Total Amount Borrowed				\$4,773,611		\$5,370,656		\$7,360,087	

SOURCE: Seattle-Northwest Securities, Lincoln County Assessor's Office, City of Newport, and Johnson Reid, LLC

Individual columns of financial projections in Table V-2 are labeled and described as follows:

- (A): Annual tax increment collected by the District.
- (B): Estimated, annual existing District debt service obligation as a result of debt refinancing by the District to realize more favorable terms.
- (C): Annual revenue remaining after existing debt service obligation is met.
- (D): Planned, new annual debt service to adequately fund projects identified in Phase I of this amendment.
- (E): Annual revenue remaining after existing and new, Phase I debt service obligation and reserve requirement are met.
- (F): Planned, new annual debt service to adequately fund projects identified in Phase II of this amendment, scheduled to begin in FY 2014-15.
- (G): Annual revenue remaining after existing and new, Phases I and II debt service obligation and reserve requirement are met.
- (H): Planned, new annual debt service to adequately fund projects identified in Phase III of this amendment, scheduled to begin in FY 2019-20.
- (I): Annual, cumulative District funds that are uncommitted after all existing and planned, new debt service obligation and reserve requirement are met each year.

Based on projections in Table V-2, revenues are expected to be sufficient to enable retirement of planned debt as early as FY 2023-24. To the extent that additional debt is taken on by the District in later years for circumstances currently unseen, substantial unobligated revenues expressed in Column (I) of



Table V-2 would be reduced accordingly and retirement of all debt would be delayed to no later than FY 2026-27.

#### C. ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table V-2 shows the anticipated schedule debt payment for existing debt and the Plan Amendment. All debts are scheduled to be retired by year 2027, though anticipated incremental revenues would be sufficient to retire all planned debt as early as fiscal year 2023-2024.

#### D. PROJECTED REVENUES AND EXPENDITURES

Table V-2 shows the annual anticipated revenues and expenditures for the Plan Amendment. The revenues result from tax increment revenue that is not already committed to financing existing debt. The total debt service for existing debt is \$12,130,828. Expenditures are based on potential debt schedules to finance the projects described in Section VII of this Plan Amendment. The total project costs and the Plan's share of those costs are also shown in Section V. For conservative revenue estimates, in addition to incremental tax revenues the District is assumed to realize 3% annual return on uncommitted revenues carried forward to the subsequent fiscal year.

#### E. STATEMENT OF FISCAL IMPACT ON OTHER JURISDICTIONS UNDER ORS 457.420-457.440

The use of tax increment financing creates a fiscal impact on the taxing districts (e.g. the City, the County, the Community College) that levy taxes within the Area. This impact consists of those districts foregoing the taxes that would have been levied on the increase in assessed value within the Area while tax increment financing is in effect.

In order to project these impacts, it is necessary to estimate the growth in assessed value that would have occurred without the Plan. The Plan's projects are anticipated to create assessed value growth that would not occur but for the Plan. Therefore the taxes that are foregone are those resulting from projected development without the public improvements developed under the Plan. It should be noted that revenue estimates in Tables V-1 and V-2 are lower than projections in Table V-3 due to realized property tax collection loss at approximately 6%.

Table V-3 shows the revenues foregone by the affected taxing districts, through 2027. The revenues foregone by the taxing districts equal their permanent tax

rates times the projected incremental assessed value, plus the tax rates associated with general obligation bonds approved by voters before October 2001 times the bonding district's incremental assessed value. Note that the property tax revenues foregone by the Lincoln County School District do not result in revenue losses to the School District because of the system of state funding of K-12 education. The impacts are shown to illustrate what they would be if the school funding system is materially changed and property tax revenues become directly relevant.

The tax increment revenues terminate after 2027, and the additional revenues that are available to these taxing districts are projected to repay the districts for revenues foregone during the Plan.

**Table V-3:  
Projected Property Tax Revenues Foregone**

Taxing District																	
Fiscal Year	City of Newport			Lincoln County School		Lincoln County		Newport RFPD	Pacific Communities Hospital	Lincoln County Library	Oregon Coast Community College	Lincoln County Transportation	Lincoln County Extension	Linn-Benton-Lincoln ESD	Port of Newport	Water-Seal Rock	Total Tax Revenue
	Permanent Rate	GO Bond	GO Bond	Permanent Rate	GO Bond	Permanent Rate	GO Bond	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	Permanent Rate	
	5.5938	0.4348	0.924	4.9092	0.7894	2.8202	0.0377	0.9108	0.3625	0.2465	0.1757	0.0974	0.0451	0.3049	0.0609	0.1259	
2009-10	\$611,842	\$47,558	\$101,066	\$601,914	\$96,788	\$345,783	\$4,622	\$12,019	\$44,446	\$3,261	\$21,542	\$11,942	\$5,530	\$37,384	\$7,467	\$2,285	\$1,955,450
2010-11	\$655,035	\$50,915	\$108,201	\$644,407	\$103,621	\$370,194	\$0	\$12,868	\$47,584	\$3,492	\$23,063	\$12,785	\$5,920	\$40,023	\$7,994	\$2,446	\$2,088,547
2011-12	\$705,261	\$54,819	\$116,497	\$693,395	\$111,498	\$398,336	\$0	\$14,425	\$51,201	\$3,914	\$24,817	\$13,757	\$6,370	\$43,065	\$8,602	\$2,708	\$2,248,664
2012-13	\$759,032	\$0	\$125,379	\$745,841	\$0	\$428,465	\$0	\$16,091	\$55,074	\$4,365	\$26,694	\$14,798	\$6,852	\$46,323	\$9,252	\$2,989	\$2,241,155
2013-14	\$816,599	\$0	\$134,888	\$801,989	\$0	\$460,721	\$0	\$17,876	\$59,220	\$4,849	\$28,703	\$15,912	\$7,368	\$49,810	\$9,949	\$3,290	\$2,411,173
2014-15	\$878,231	\$0	\$145,069	\$862,102	\$0	\$495,254	\$0	\$19,786	\$63,658	\$5,367	\$30,855	\$17,104	\$7,920	\$53,543	\$10,695	\$3,612	\$2,593,195
2015-16	\$940,230	\$0	\$155,310	\$922,962	\$0	\$530,216	\$0	\$21,183	\$68,152	\$5,746	\$33,033	\$18,312	\$8,479	\$57,323	\$11,450	\$3,867	\$2,776,263
2016-17	\$1,006,606	\$0	\$166,274	\$988,119	\$0	\$567,647	\$0	\$22,679	\$72,964	\$6,152	\$35,365	\$19,605	\$9,078	\$61,370	\$12,258	\$4,140	\$2,972,255
2017-18	\$1,077,668	\$0	\$178,012	\$1,057,876	\$0	\$607,721	\$0	\$24,280	\$78,115	\$6,586	\$37,861	\$20,989	\$9,719	\$65,702	\$13,123	\$4,432	\$3,182,083
2018-19	\$1,153,746	\$0	\$190,579	\$1,132,558	\$0	\$650,623	\$0	\$25,994	\$83,629	\$7,051	\$40,534	\$22,470	\$10,405	\$70,341	\$14,050	\$4,745	\$3,406,724
2019-20	\$1,235,196	\$0	\$0	\$1,212,511	\$0	\$696,554	\$0	\$27,829	\$89,533	\$7,548	\$43,396	\$24,057	\$11,139	\$75,307	\$15,042	\$5,080	\$3,443,191
2020-21	\$1,322,395	\$0	\$0	\$1,298,109	\$0	\$745,728	\$0	\$29,793	\$95,854	\$8,081	\$46,459	\$25,755	\$11,926	\$80,623	\$16,103	\$5,438	\$3,686,265
2021-22	\$1,415,751	\$0	\$0	\$1,389,750	\$0	\$798,373	\$0	\$31,897	\$102,620	\$8,652	\$49,739	\$27,573	\$12,767	\$86,314	\$17,240	\$5,822	\$3,946,499
2022-23	\$1,515,696	\$0	\$0	\$1,487,860	\$0	\$854,735	\$0	\$34,148	\$109,865	\$9,263	\$53,250	\$29,520	\$13,669	\$92,408	\$18,457	\$6,233	\$4,225,105
2023-24	\$1,622,698	\$0	\$0	\$1,592,897	\$0	\$915,075	\$0	\$36,559	\$117,621	\$9,917	\$57,010	\$31,604	\$14,634	\$98,931	\$19,760	\$6,673	\$4,523,379
2024-25	\$1,737,253	\$0	\$0	\$1,705,348	\$0	\$979,676	\$0	\$39,140	\$125,925	\$10,617	\$61,034	\$33,835	\$15,667	\$105,916	\$21,155	\$7,144	\$4,842,709
2025-26	\$1,859,896	\$0	\$0	\$1,825,738	\$0	\$1,048,836	\$0	\$41,903	\$134,814	\$11,366	\$65,343	\$36,223	\$16,773	\$113,393	\$22,649	\$7,649	\$5,184,583
2026-27	\$1,991,196	\$0	\$0	\$1,954,628	\$0	\$1,122,880	\$0	\$44,861	\$144,332	\$12,168	\$69,956	\$38,780	\$17,957	\$121,398	\$24,248	\$8,188	\$5,550,592

## F. IMPACTS ON TAXPAYERS

This amendment to the phasing and financing of projects in Substantial Amendment 5 will not change the SB-URD's impact on taxpayers. General obligation bonds approved by voters before October 2001 are subject to the division of tax. There are five such general obligation bonds in the SB-URD. They are all scheduled to retire by 2019, prior to the previously scheduled sunset of the SB-URD. These bonds will continue to be subject to the division of tax, regardless of any extension to the SB-URD plan.

Any general obligation bonds approved after October 2001 are not subject to the division of tax.

**NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS**

## NOAA MARINE OPERATIONS CENTER TAX REVENUE IMPACTS

The National Oceanic and Atmospheric Administration (NOAA) recently reconfirmed its decision to award the Port of Newport, Oregon its long-term lease decision for its Pacific Marine Operations Center (MOC). In response to this decision, the potential property tax revenue implications of this decision to Newport's South Beach Urban Renewal Area were evaluated.

### METHODOLOGY & LIMITATIONS

This analysis quantifies the tax revenue impacts for specific jurisdictions resulting from economic activity generated by NOAA's decision to relocate its Pacific MOC to Newport. At this time, little information is available regarding anticipated spending by the facility for on-going operations, repairs, etc. As such, we relied on secondary sources where possible, using our best estimate of historical operations activity in the Seattle area, the former home of the Pacific MOC.

Finally, in light of present uncertainty, where specific measures were not available, we established defensibly conservative estimates designed to err on a lower level estimate.

### FINDINGS

#### ESTIMATING PRIVATE MOC SPENDING LOCALLY

It was assumed that NOAA's Pacific MOC will spend roughly \$80 million annually on various operations, repair/maintenance activity, and various federal contracts related to these activities annually. This assumption was based on a July 2009 editorial in the Seattle Times co-authored by representatives from the Port of Seattle, Seattle City Council, the University of Washington, and a major NOAA MOC contractor in Seattle.<sup>1</sup> The editorial declared annual direct and indirect economic activity related to NOAA's MOC at roughly \$180 million annually. This figure was evaluated in light of other available information about other NOAA investments in the Seattle area to arrive at a more conservative estimate of \$80 million in direct activity, specifically in Newport.

**TABLE 1: BASELINE CONTRACT SPENDING**

BASELINE MOC SPENDING ASSUMPTIONS	
Total Estimated Direct Spending 1/:	\$80,000,000
Private Share 2/:	33%
Spending to Private Firms:	\$26,400,000
Newport's Capture of Private Spending 2/:	50%
Spending to Private Firms in Newport:	\$13,200,000

1/ Based on editorial in the Seattle Times, July 2009. Contributors included Jean Godden, Seattle City Council; Bill Bryant, Port of Seattle Commissioner, Steve Welch, CEO of Pacific Shipyards; and Mark Emmert, President of the University of Washington.

2/ Conservative assumptions made by Johnson Reid, LLC

<sup>1</sup> "NOAA Should Keep its Marine Operations on Lake Union." *The Seattle Times* July 30, 2009. Editorial Contributors included Jean Godden, Seattle City Council; Bill Bryant, Port of Seattle Commissioner, Steve Welch, CEO of Pacific Shipyards; and Mark Emmert, President of the University of Washington.

To estimate the **private development** impacts of this spending, we assumed that one-third of spending activity took the form of private contracts. This assumption is considered conservative based on our professional opinion.

Finally, we assumed that the Newport economy could capture half of the private contract spending of the Pacific MOC. This assumes that the remaining half of the activity would leak to other communities such as Portland, Astoria, or remain in Seattle. This process results in an approximation of \$13.2 million in annual contract spending estimated to be captured in the Newport economy.

## TRANSLATING CONTRACT SPENDING INTO JOBS

Estimates of direct and secondary (indirect/induced) job impacts were developed by utilizing impact multipliers from IMPLAN<sup>2</sup> (IMpacts for PLANing) economic impact analysis model. Developed by the Forest Service to assist in land and resource management planning, IMPLAN is an economic impact model designed for analyzing the effects of industry activity upon all other industries in an economic area.

Utilizing this methodology, we estimate a total of 100 private, permanent jobs resulting from NOAA spending in Newport, at least 63 of which would be direct employment due to federal contract awards for the local private sector.

---

<sup>2</sup> Minnesota IMPLAN Group (MIG), Inc., Stillwater, Minnesota

**TABLE 2: JOB IMPACTS OF CONTRACT SPENDING**

<b>Contract Spending, Jobs, and Multipliers</b>		
Direct Private Contract Spending 1/:	\$13,200,000	<b>Multiplier</b>
Direct Jobs 2/:	63.4	4.8 jobs/\$1 million
Indirect & Induced 2/:	37.0	2.8 jobs/\$1 million
<b>Contract. Jobs:</b>	<b>100.3</b>	
<b>Jobs By Industry Type</b>		
<b><u>Direct:</u></b>		<b>Jobs</b>
NOAA Contractors (Ship repair, research, etc.)		63.4
<b><u>Indirect/Induced 2/:</u></b>		
Food services and drinking places:		4.0
Real estate establishments:		2.6
Wholesale trade businesses:		2.6
Employment services:		1.3
Accounting, tax preparation, bookkeeping, and payroll services		1.3
Offices of physicians, dentists, and other health practitioners:		1.3
Private hospitals:		1.3
Civic, social, professional, and similar organizations:		1.3
Retail Stores - Food and beverage:		1.3
Other Retail/Commercial Services:		19.8

1/ From Table 1

2/ Jobs Multipliers generated by IMPLAN.

### Calculating the Share of Jobs Captured by South Beach

The industries identified in Table 2 into general land use types are based on the typical space utilization of each industry. This translates into roughly 66 industrial jobs, 25 commercial jobs, and 9 office jobs. Secondly, we apply a 20% capture factor for the South Beach district which translates into an estimate of approximately 20 jobs supported in the district.

**TABLE 3: SOUTH BEACH CAPTURE OF JOB IMPACTS BY LAND USE TYPE**

<b>Space Type</b>	<b>Total Newport Jobs Impacts 1/</b>	<b>South Beach Jobs Impacts 2/</b>
Industrial	66.0	13.2
Commercial	25.1	5.0
<u>Office</u>	<u>9.2</u>	<u>1.8</u>
<b>TOTAL:</b>	<b>100.3</b>	<b>20.1</b>

1/ From Table 2

2/ Assumes a conservative 20% capture rate for South Beach, Johnson Reid, LLC



## CONVERSION OF JOBS TO DEVELOPED SPACE

We then multiplied the number of estimated jobs captured in the South Beach District by a typical square footage per job by land use type. These assumptions are based on the U.S. Department of Energy's Commercial Building Energy Consumption Survey. This process yields an estimate of roughly 25,200 private, developed square feet supported by NOAA contract spending in South Beach.

**TABLE 4: PRIVATE EMPLOYMENT IMPACT DEVELOPMENT IN THE SOUTH BEACH**

Space Type	South Beach Jobs Impacts 1/	Est. Sq. Ft. per Job 2/	Est. Development Impacts (Sq. Ft.)
Industrial	13.2	1,510	19,932
Commercial	5.0	883	4,429
Office	1.8	468	865
<b>TOTAL:</b>	<b>20.1</b>	<b>N/A</b>	<b>25,226</b>

1/ From Table 3

2/ Calculated as a weighted average across industries based on Newport's existing distribution. Derived from The U.S. Department of Energy's Commercial Building Energy Consumption Survey. (2003)

## CONVERSION OF NEW DEVELOPMENT TO MARKET VALUE & TAXABLE ASSESSED VALUE

In Table 5, the supportable space was translated into land by standard Floor Area Ratios (FAR) by land use type, yielding an estimate of 2.0 improved acres. Secondly, we apply per acre development costs by land use type to each land/space estimate to calculate replacement cost of improvements. This analysis conservatively assumes market value is equal to replacement cost.

**TABLE 5: ESTIMATED MARKET VALUE GENERATED BY NOAA'S CONTRACT SPENDING LOCALLY**

Space Type	NOAA Impact	Assumed F.A.R 2/	Improved Acres	Per Acre Improvement Cost 3/	Est. Market Replacement Value	2009-10 CPR 4/	Taxable Assessed
Industrial	19,932	0.30	1.53	\$1,511,500	\$2,305,419	1	\$2,305,419
Commercial	4,429	0.25	0.41	\$1,971,000	\$801,636	0.58	\$464,949
Office	865	0.35	0.06	\$2,361,500	\$133,961	0.58	\$77,698
<b>TOTAL:</b>	<b>25,226</b>	<b>N/A</b>	<b>2.0</b>	<b>N/A</b>	<b>\$3,241,016</b>	<b>N/A</b>	<b>2,848,065</b>

1/ From Table 4

2/ Assumes a typical, low-rise development profile with 4 parking spaces per 1,000 square feet of space.

3/ RS Means Construction Cost Estimator

4/ Changed Property Ratio: The adjustment made from new improvement market value to taxable assessed value under Measure 50.

SOURCE: Lincoln County Assessor's Office and Johnson Reid, LLC

We then applied the Lincoln County 2009-10 Changed Property Ratio (CPR) by land use type, which revealed an estimated increase in taxable assessed value of \$2.85 million. Therefore, \$13.2 million in locally captured economic activity resulting from NOAA Pacific MOC decision is expected to translate into an

increase of \$2.85 million in new, taxable assessed value in the South Beach Urban Renewal District.

### **CONTRIBUTION TO SOUTH BEACH URBAN RENEWAL DISTRICT GROWTH**

The estimated \$2.85 million in new, taxable assessed value as a result of NOAA facility-induced economic growth will directly contribute to the South Beach Urban Renewal District total, taxable assessed value and by extension, annual incremental tax revenue. The increase in assessed property value is equivalent to 2.9% of existing District value in 2009.

For purposes of conservative District revenue forecasting, we assumed the new, taxable assessed value would be constructed and enter the tax rolls in equal increments over a four year period. Therefore, in fiscal years 2011-12 through 2014-15, the District is assumed to grow by \$712,000 annually due solely to NOAA facility impact growth. Detailed projections of District property tax revenue growth are found in Table V-1 of the plan amendment report.